

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID’S RESIDENTIAL : **DOCKET NO. 5259**
ASSISTANCE PROVISION :
FOR EFFECT JULY 1, 2022 :

ORDER

I. Introduction

On May 13, 2022, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) submitted its Residential Assistance Recovery filing to the Public Utilities Commission (Commission or PUC) pursuant to the Residential Assistance Provision (RAP) R.I. Gen. Laws § 39-2-1(d) and RIPUC No. 2239¹ for effect July 1, 2022.² The Residential Assistance Program comprises two elements: the Arrearage Management Adjustment Factor (AMAF) and the Low Income Discount Recovery Factor (LIDRF).

On June 13, 2022, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid’s proposed AMAF of \$0.00007/kWh and LIDRF of \$0.00238/kWh.³

At an Open Meeting held on June 21, 2022, based on the recommendation of the Division, the PUC voted unanimously to approve National Grid’s proposed 2021 factors, as filed.

II. Arrearage Management Adjustment Factor

The AMAF is designed to recover the total amount of arrearages forgiven by the Company from customers that have defaulted or opted out of their Arrearage Management Program (AMP)

¹ See https://www.rienergy.com/media/ri-energy/pdfs/billing-and-payments/tariffs/nm_provision_ripuc_2257.pdf

² National Grid’s 2022 Residential Assistance Recovery (Filing) (May 13, 2022). All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <https://ripuc.ri.gov/eventsactions/docket/5259page.html>.

³Division Mem. (June 13, 2022).

payment plan and the total amount of arrearages forgiven by the Company from customers that have successfully completed their AMP payment plan.⁴ The arrearages forgiven by the Company from unsuccessful payment plans are 100% recoverable under the tariff, while arrearages forgiven by the Company from successful payment plans are only recoverable if the Company experienced more than the total allowable bad debt for that calendar year.⁵

In support of its filing, National Grid submitted the direct testimony and schedules of Daniel E. Gallagher, Senior Analyst for New England Electric Pricing in the Regulation Department of National Grid USA Service Company, Inc. Mr. Gallagher testified that the Company forgave a total of \$238,336 in arrears during CY 2021 for unsuccessful participants. Of that amount, \$179,671 was due to participants who defaulted from the AMP, and an additional \$58,665 was due to customers who voluntarily opted out of the AMP prior to successful completion.⁶ For customers who successfully completed their payment plans, a total of \$289,297 in arrearages was forgiven in calendar year 2021.⁷ Mr. Gallagher represented that the Company experienced \$591,727 more bad debt in CY 2021 than the adjusted allowable bad debt of \$13,535,875. Therefore, a total amount of \$289,297 in arrears forgiven for successful participants is eligible for recovery.⁸

To calculate the Arrearage Management Adjustment Factor, Mr. Gallagher added the amount of successful arrearage forgiveness of \$289,297, unsuccessful arrearage forgiveness of

⁴ Program participants enroll in a one-year payment plan, with a fixed monthly charge equal to the customer's estimated average prior usage, as determined by National Grid. With each payment made over the course of the year, one-twelfth of the customer's arrearage would be forgiven. Customers can earn up to \$1,500 of forgiveness in a year. If a customer's outstanding balance is greater than \$1,500, the plan may be extended for an additional twelve-month period. Customers must remain current with payments or be subject to removal from the program, with all unpaid balances due and payable in full. R.I. Gen. Laws § 39-2-1(d).

⁵ R.I. Gen. Laws § 39-2-1(d).

⁶ Gallagher Test. at 7; Sch. NECO-1 at 2, lines 12-13.

⁷ Gallagher Test at 8; Sch. NECO-1 at.2, Line 11

⁸ Gallagher Test. at 8.

\$238,336, and the remaining under recovery of \$35,495 for the period ending June 30, 2021 for a total of \$563,128.⁹ This amount was then divided by the forecasted deliveries for July 2022 through June 2023 of 7,384,435,372 kWh to result in the proposed AMAF of \$0.00007 per kWh.¹⁰

III. Low Income Discount Recovery Factor

The LIDRF is designed to recover the estimated low-income discounts credited to the bills of Rate A-60 customers during the period July 1, 2022 through June 30, 2023, as well as the remaining under or over collection of revenue billed less discounts applied to Rate A-60 bills for the reconciliation period between July 1, 2020 and June 30, 2021.¹¹ Mr. Gallagher explained that the proposed LIDRF was calculated by estimating expected billings for customers on Rate A-60 for the period of July 2022 through June 2023 and multiplying that amount by the effective discount rate of 25.8%, which is based upon actual low-income discounts at the 25% and 30% levels for the months of May 2021 through April 2022. The total low-income discount at 25.8% is estimated at \$16,203,007 for the 12-month period ending June 30, 2023.¹²

The total under-collection during the reconciliation period of July 2020 through June 2021 including interest was \$835,442 as of June 30, 2021.¹³ That amount plus the estimated low-income discount of \$16,203,007 totals \$17,038,449.¹⁴ That total is then divided by the forecasted kWh's of 7,137,430,255¹⁵ for all customer classes apart from the A-60 class from July 2022 through June 2023 to derive the proposed factor of \$0.00238 per kWh.¹⁶

⁹ *Id.*; at 9. Sch. NECO-1 at 2, Lines 10-14.

¹⁰ Sch. NECO-1 at 1. The proposed factor is an increase from the prior AMAF of \$0.00006 per kWh. See Division Memo at 2.

¹¹ Gallagher Test. at 3, 10. Pursuant to RIPUC No. 2239, the Company is required, on an annual basis, to estimate the discount to be provided to Rate A-60 customers.

¹² Mr. Gallagher included schedules showing the calculation of estimated low-income discount, the low-income discount recovery factor, and the effective discount percentage calculation. See Schedule NECO-3 at 1, Line 25.

¹³ Sch. NECO-3 at 1, Line 26.

¹⁴ Sch. NECO-3 at 1, Line 27.

¹⁵ Sch. NECO-3 at 1, Line 28.

¹⁶ Gallagher Test. at 3 & 11; Sch. NECO-3 at 1, Line 29. The proposed factor is an increase from the current LIDRF of \$0.00196 per kWh.

IV. Combined Impact of Factors/ Summary of Retail Delivery Service Rates

Mr. Gallagher reported that, for a typical residential customer using 500 kWh per month, the combined impact of the AMAF at \$0.00007/kWh and the LIDRF at \$0.00238/kWh would result in a monthly increase of \$0.23, or 0.2%, from \$111.60 to \$111.83.¹⁷

Mr. Gallagher noted that the Company did not present any changes to its Summary of Retail Delivery Service Rates within the scope of this filing. He explained that the Company was in the process of proposing a new Revenue Decoupling Mechanism Adjustment Factor, a new Performance Incentive Recovery Factor, as well as a new Long-Term Contracting for Renewable Energy Recovery Factor, in separate filings. These factors, if approved, would also take effect on July 1, 2022. Therefore, to avoid any confusion that might arise from filing multiple versions of the Summary of Retail Delivery Service Rates, the Company will file a revised Summary of Retail Delivery Service Rates incorporating all the rate changes effective for July 1, 2022 after the Commission has ruled on all the individual proposals.¹⁸

Accordingly, it is hereby

(24786) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's proposed 2022 Arrearage Management Adjustment Factor of \$0.00007/kWh for effect on July 1, 2022 is approved.
2. The Narragansett Electric Company d/b/a National Grid's proposed 2022 Low Income Discount Recovery Factor of \$0.00238/kWh, for effect on July 1, 2022 is approved.

¹⁷ Gallagher Test. at 13; Sch. NECO-5.

¹⁸ Gallagher Test. at 4-5.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2022 PURSUANT TO
AN OPEN MEETING DECISION ON JUNE 21, 2022. WRITTEN ORDER ISSUED
AUGUST 9, 2023.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, Jr., Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.